

MINUTES

MONTANA SENATE 58th LEGISLATURE - REGULAR SESSION

SUB-COMMITTEE ON TAXATION ON SB 260 & SB 461

Call to Order: By **CHAIRMAN BOB DEPRATU**, on March 17, 2003 at 12:15 A.M., in Secretary of State's Conference Room Capitol.

ROLL CALL

Members Present:

Sen. Bob DePratu, Chairman (R)
Sen. Bob Story Jr., (R)
Sen. Jim Elliott (D)

Members Excused: None.

Members Absent: None.

Staff Present: Lee Heiman, Legislative Branch
Shirley Herrin, Committee Secretary

Others Present: Brad Simshaw, Department of Revenue
Judy Paynter, Department of Revenue
Ryan Jose, Department of Revenue
Mary Whittinghill, MT Taxpayers Assoc.
Keith Colbo, MT Residents for Fair Prop. Taxes
Chris Christiaens, MT Landlord's Assoc.
Dolores Cooney, Dept of Revenue

Please Note. These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Discussion On: SB 260 and SB 461

Brad Simshaw, Department of Revenue, handed out **EXHIBIT (tas56b01)** showing how the SB 260 would work given the customized Homestead Exemption calculated for owner occupied. He reviewed the chart in detail.

Mr. Simshaw continued with **EXHIBIT (tas56b02)** stating that it is a comparison under SB 260 of the 35% increase that you either go

with the 31% increase all the way for the Homestead Exemption or you customize, and in this case it would be customized. The next page shows a 10% increase due to reappraisal. The third page shows the 35% increase in the Homestead Exemption - the only difference between this and the first example is instead of using a 2.5% cap you have a 1.5% cap. **Mr. Simshaw** stated this is a quick education on how the customized Homestead Exemption would work on SB 260.

12:25pm

Brad Simshaw handed out **EXHIBIT (tas56b03)** a chart entitled "Below Average Change in Reappraisal" which describes 1) Current Law; 2) 1999 Solution; 3) SB 461 and 4) SB 260. He said that each of the four pages in the exhibit will take the four scenarios and within each of the four scenarios there are four lines;

- 1 Owner occupied
- 2 Non-owner occupied
- 3 Multi-family housing
- 4 Other Commercial

He said those are the same throughout each scenario, with the only difference being the percentage of change due to reappraisal at 10%.

12:30pm **Mr. Simshaw** responded to questions from the committee. He then continued with reviewing page two of Exhibit 3 - he said it shows the same kind of approach, but we now have a different impact due to reappraisal which varies from 18.5% for owner occupied to 28.5% for multi-family housing. He stated on page three there would be an even larger increase due to reappraisal of 35% and on page four it shows a very large increase due to reappraisal of 150%.

Mr. Simshaw then handed out **EXHIBIT (tas56b04)**, a bar chart which shows an increase due to reappraisal on owner occupied residences. He reviewed the chart in detail. He responded to a question regarding whether there is a increase in reappraisals in specific geographic areas.

Mr. Simshaw then passed out a line chart **EXHIBIT (tas56b05)** showing the "Percent Change in Taxable Value" in all four scenarios and reviewed the charts in detail. The final page shows all four of the scenarios on one graph.

The last chart that **Mr. Simshaw** handed out was **EXHIBIT (tas56b06)** entitled "Percent of 2003 Reappraisal Value Paid to the State 101 Mills". He briefly reviewed the charts.

CHAIRMAN DEPRATU said the committee has a lot of information to study. **EXHIBIT (tas56b07)**

Judy Paynter said they could to make a summary bar graph on one sheet for the committee.

SEN. STORY said the other issue the committee needs to deal with is, what they are going to do with residences on corporate owned property. **Dolores Cooney** handed out **EXHIBIT (tas56b08)** Idaho Statutes. She said Idaho is facing the same problem we are having and there is some language in their statutes that addresses the corporate issue.

CHAIRMAN DEPRATU said the committee will review it before they meet tomorrow upon adjournment of the Senate Taxation Committee.

ADJOURNMENT

Adjournment: 12:50 A.M.

SEN. BOB DEPRATU, Chairman

SHIRLEY HERRIN, Secretary

BD/SH